

"Why All Libertarians Should Be Institutionalised"

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What Australia has going for it is that the public debt as a percentage of GDP is small, relatively speaking. What it doesn't have going for it is that the government is increasing its role in the economy and committing more money to long-term programs on what could be really bad assumptions about the cost of borrowing and the regularity of national income. And to repeat, the country is a net capital importer.

But hey, someone else can figure out what to do about all that in the next election cycle. And somebody else can worry about paying it off later. The Soros emphasis on public policy - and the way in which it is embarrassed at a deep level of belief in Australia - seems sensible. But it's a kind of well-meaning idiocy.

We're going to paint with a broad brush and say most well-meaning government interventions in public and private life are designed to promote equality of outcome, social justice, or reduce the seeming unfairness and volatility of life in market economy.

But have you ever wondered if, in the earnest attempt to eliminate risk in our society (financial, physical, emotional), we're actually make people less safe and society more inherently risky?

Wear your seat belt. Don't binge drink. Don't drive too fast. Be politically correct. Be tolerant. Be diverse. Be multi-cultural. All these commandments coming down from the Nanny State on high are given to use presumably because we are too stupid or unthinking to look out for ourselves, or too insensitive to the feelings of self-worth held by others.

We won't eat right unless told what to eat or invest enough to provide for our retirement unless compelled to. And the world would be better, in the words of Principal Skinner, "If nobody was better than anybody else and everybody was the best."

But what if all this bullying, nonsense, nannying, and government coercion is eroding the very healthy and natural ability to identify and manage risk? We'd argue that in nature, the ability to identify risk promotes survival. The amygdala - that tiny part of our brain that controls the fight or flight instinct - is evolution's way of keeping us on our toes. It reminds us that in the tens of thousands of years human history, the margin between life and death has been pretty small.

Over most of human history, people haven't had surplus time or energy to think about what to do with surplus, quantitatively or qualitatively. You spent most of your time surviving and finding food. And this pursuit, knowing what to fear was probably your most important survival skill.

But we live in a world of profound and seemingly endless abundance and surplus today. It's a product of the division of labour (which has been so successful most people don't even know what it is), cheap energy, and cheap credit. We'd argue that all of these things have dangerously dulled our sense of risk and exaggerated our expectations of what to expect from life, each other, and our public institutions.

Wealth, material wealth anyway, is a product of surplus. And surplus is another way of saying profit. It means combining raw materials, labour, and your talent to make the whole worth more than the sum of the parts.

In this respect - by communicating accurate prices so people can make informed decisions about what to buy and sell - the free market delivers extraordinary outcomes. It unleashes the sheer productive capacities of millions of people who do completely unpredictable and unplannable things with their life that no central committee could possibly organise.

The trade off for such an open system that produces so much surplus, choice, and income mobility is instability and relative inequality. Unless you are in a rocking chair, you can't really be moving and staying put at the same time. But for some reason, some people find this instability - a natural feature of a dynamic system - threatening. They want to freeze things and give up growth and change for the sake of predictability and security, which they would choose as personal goals.

To be fair, change freaks some people out. To be ideological, the people (usually in government) opposed to the instability of the free market just don't like what other people choose to do with their economic liberty. They find prosperity morally vulgar and are offended by obvious inequality - failing to see that free markets have elevated all people everywhere to standards of living that would have been unimaginable even 100 years ago.

One possible explanation is that the meddling central planners of the world are just egomaniacs who get off on telling other people how to live. More worrying is that these people actually believe they are right and that someone should have the role of regulating, with the power of the State to coerce, how people behave in the minutest detail.

That's not to say - and we're winding up our rant here - that you can't have good government. But we'd say it would be much smaller and less morally ambitious than today's institution. Today's big government exists for the sake of perpetuating itself. It's finding that harder and harder to do as it sucks up - and eventually kills - the lifeblood of the productive economy, taxes in the form of surplus on personal and corporate incomes.

Mind you none of this is in defence of the predatory financial capitalism run by Washington and Wall Street oligarchs that's been masquerading as the free market. As Ron Paul correctly pointed out last week, the current system is more accurately

described as "corporatist" in which the banks, the defence contractors and corporations of size (to use a PC term) lobby, cajole, and generally purchase favourable laws from legislators (on the right and left) that are themselves bought and paid for.

Frankly, the whole thing could use a little creative destruction. And no matter how badly its defenders (like Bernanke) fight for it, the system is inherently fraudulent and wasteful of resources and capital.

And in addition to that, it's just ethically offensive. We won't miss it or mourn it when it's gone. We don't encourage people to get involved with that political system at all. It's like snogging with a vampire. We'd urge you to deprive that system of your time, talents, and creative energies.

The best defence of liberty begins with financial independence. And taking care of your own money and your own life is something you don't need to go to the ballot box to do. And you don't have to take anyone else's money either. It also puts you in the position of helping people you really can help - your friends, family, and neighbours.

So why isn't financial independence the highest calling in public life? Hmmn. Granted, a high material standard of living is not the same thing as a high quality of life. And we'd even say that spiritually, there are more important things. But it's something to think about.